

## Message Text

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PAGE 01 TEHRAN 07657 080640Z

12

ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /083 W

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R 080720Z AUG 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 0000

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E.O. 11652: N/A

TAGS PINT, IR

SUBJ: SHAH ADDS STOCK OWNERSHIP, EQUITABLE PRICING TO HIS  
REFORM PROGRAM

1. IN HIS AUGUST 6 ADDRESS MARKING A RELIGIOUS HOLIDAY AND  
THE ANNIVERSARY YEAR OF IRAN'S CONSTITUTION, SHAH ATTACKED  
HIGH PRICES AS EXPLOITATION OF MANBY MAN WHICH MUST BE  
ELIMINATED. HE PLEDGED ACTION TO GIVE IRAN ECONOMIC AS WELL  
AS POLITICAL DEMOCRACY. IN PART THIS IS TO BE ACCOMPLISHED  
BY CONTINUING ACTION TO ENCOURAGE SALES OF SHARES TO WORKERS  
(TEHRAN A-163 OF JULY 25, 1975) AND TO KEEP PRICES DOWN  
(TEHRAN 6867). THESE TWO POLICIES ARE TO BE FORMALLY ADDED TO  
TWELVE-POINT "SHAH-PEOPLE REVOLUTION" (SEE TEHRAN A-31 OF FEBRUARY  
24, 1975) AS POINTS THIRTEEN AND FOURTEEN RESPECTIVELY.

2. SALE OF SHARES TO WORKERS NOT YET BEING IMPLEMENTED  
INDUSTRY-WIDE DESPITE PUBLICATION OF LISTS OF COMPANIES  
WHICH MUST PREPARE TO TAKE THIS STEP. SPOTLIGHT  
OF PUBLIC ATTENTION HAS RECENTLY BEEN FOCUSED ON THE  
COMPANION PROGRAM OF CONTROLLING PRICES. DURING THREE  
WEEKS FOLLOWING SHAH'S DIRECTIVE THAT A DETERMINED EFFORT  
MUST BE MADE AGAINST INFLATION, GOI, AT LEAST OSTENSIBLY,  
HAS TAKEN STRONGEST ACTIONS IN RECENT YEARS TO FORCE DOWN  
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RISING PRICES. A NUMBER OF WELL KNOWN MERCHANTS HAVE

BEEN

PUT IN JAIL AND THEIR STORES CLOSED AT LEAST FOR A FEW  
DAYS. DRIVE ALSO IS BENEFITING FROM A SEASONAL TURN-DOWN  
IN PRICES OF FRESH PRODUCE. GOI OFFICIALS REITERATED  
THEIR DETERMINATION TO BRING ABOUT A REAL DECLINE IN RATE  
OF INFLATION. IF CAMPAIGN CONTINUES FOR ANOTHER FEW WEEKS,  
SOME GENUINE RESULTS MAY BE ACHIEVED. HOWEVER,  
THE DANGER OF CREATING DISTORTIONS IN THE ECONOMY FROM  
PRICE CONTROL EVENTUALLY WILL HAVE TO BE FACED. MORE-  
OVER, A PROPORTIONATELY STRONGER SYSTEM OF RENT CONTROL  
STILL HAS NOT BEEN ANNOUNCED.

3. AIRGRAM REFERENCED ABOVE MADE POINT THAT SHAH-  
PEOPLE REVOLUTION HAD PREDOMINENTLY FOCUSED ON RURAL  
POPULATION. ADDITION OF LATEST TWO POINTS CORRECTS  
THIS IMBALANCE. PRICE CONTROL IS THE MORE IMPORTANT OF  
THE TWO, AS INFLATION IS NUMBER ONE PUBLIC COMPLAINT  
IRANIANS HAVE AGAINST THEIR GOVERNMENT. SHAH CLEARLY SEES  
CHANCE TO ENHANCE HIS PUBLIC IMAGE BY TAKING  
RIGOROUS ACTION.

HELMS

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NNN

## Message Attributes

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